

DETROIT LAND BANK AUTHORITY

BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY STATEMENT

Purpose: The purpose of this statement is to confirm the policy of the Detroit Land Bank Authority (“DLBA”) pertaining to conflict of interest. This policy is stated in Article XI, Section 11.1 of the DLBA’s Second Amended and Restated Bylaws. This statement is issued to guide the board members and employees of the DLBA in the conduct of their duties and assist them in avoiding action in conflict with maintaining the public trust and confidence.

Michigan Public Act 317 of 1968, as amended, being MCL 15.321, et seq. (P.A. 317) sets forth rules governing the conduct of public servants concerning governmental decisions and contracts with public entities, such as the DLBA. P.A. 317 also provides procedures for an individual serving a public entity for making a disclosure of direct or indirect interests in certain contracts. Additionally, P.A. 317 establishes procedures for a public entity to approve a contract in circumstances when an individual serving the public entity may, directly or indirectly, have an interest in the contract. The rules of P.A. 317 apply to a “public entity,” which is defined in a broad manner to include the DLBA. This Conflict of Interest Policy Statement (Policy) is intended to embrace procedures that are consistent with the requirements of P.A. 317.

Under P.A. 317, a conflict of interest does not exist when a public entity enters into a contract with another public entity, such as the City of Detroit or any public authority or public agency established for the benefit of or to work with the City of Detroit. This Policy should not be construed to prohibit the DLBA from entering into a contract with the City of Detroit or from any board member that has a relationship with the City of Detroit which may otherwise create a conflict under this Policy from participating in such decisions by the DLBA.

The DLBA is a Michigan public body corporate organized pursuant to the Michigan Land Bank Fast Track Act, 2003 Mich. Pub. Acts 258, Mich. Comp. Laws. §§ 124.751 – 124.774 in 2008 and an Intergovernmental Agreement between the City of Detroit and the Michigan Land Bank Fast Track Authority. The Intergovernmental Agreement, and accordingly, the DLBA’s Second Amended and Restated Bylaws provide that all board members are appointed by the Mayor, with approval of the City Council, and by the Executive Director of the Michigan State Housing Development Authority. For the purposes of this Policy, a conflict does not exist solely because a board member has a relationship as an employee or official of the City of Detroit. Accordingly, this Policy should not be construed to prohibit the DLBA from, among other things, entering into contracts with, receiving contributions from, making contributions to, or otherwise supporting or receiving support from the City of Detroit or to prohibit any board member from participating in any decisions of the DLBA pertaining to the City of Detroit.

Scope: This statement of Policy pertains to all members of the DLBA’s Board of Directors.

Policy: Board members shall conduct their duties in a manner which is consistent at all times with

maintaining the public trust and confidence. All decisions of each board member are only to be made on the basis of a desire to promote the best interests of the citizens of the City of Detroit. Board members shall be prohibited from participating in matters that affect their personal or financial interests.

Disclosure: In the event a board member must consider or act upon a transaction on behalf of the DLBA which involves: (a) a board member or a member of their immediate family (*spouse, domestic partner, parent, sibling, child, or individual(s) living in board member's household*) or (b) an organization with which a board member is affiliated, such board member, at the first knowledge of the transaction, shall fully disclose to the DLBA's board chairperson the precise nature of the interest or involvement.

Disclosure is also required by all board members concerning all relationships and business affiliations that could foreseeably give rise to a conflict of interest, or which may create the appearance of a conflict or present a duality of interests where the disclosing party is affiliated with another nonprofit or for-profit entity in the community in which the DLBA conducts business. For the purpose of this Policy, "affiliation" is understood to exist if the board member, or a member of his or her immediate family: (a) is an owner, shareholder, director, trustee, officer, partner, employee or agent of such organization or formerly occupied any of the forgoing positions; or (b) has any other direct or indirect dealings with such organization from which he or she knowingly receives or expects to receive economic benefit.

Board members shall disclose the identity of any member of their immediate family employed by the DLBA or who is making application to the DLBA for employment.

All disclosures required under this Policy shall be made in writing and shall be retained by the board chairperson who shall be responsible for the administration of this Policy. Matters under the administration of this Policy shall be referred to the board chairperson.

Restraint of Participation: If a board member has a conflict of interest in any matter before the Board of Directors, such person shall refrain from participating in deliberations or decisions relating to the proposed transaction. No board member having a conflict of interest shall vote on any matter relating to the transaction nor should such person be present at the deliberations or the vote of such matter.

Any board member who is uncertain about possible conflict of interest in any matter, may request the Board of Directors to determine whether a possible conflict exists; the Board shall resolve the question by majority vote. When possible, the question of potential conflict should be referred to counsel for an opinion prior to the vote of the Board.

Confidentiality: Board members may not disclose, divulge, or make accessible confidential information belonging to, or obtained through their affiliation with the DLBA to any person or entity, including relatives, friends, and business and professional associates, other than to those who have a legitimate need for such information and to whom the DLBA has authorized disclosure. Board members shall use confidential information solely for the purpose of performing services for the DLBA. This Policy is not intended to prevent disclosure where

disclosure is required by law.

Reporting and Enforcement: All board members have an obligation to report concerns or suspected violations of this Policy. All concerns or suspected violations shall be reported to the board chairperson, or in the alternative, a confidential method of reporting fraudulent activities is available by contacting Lighthouse Services, 24 hours a day, 7 days a week at 1-844-446-0004 or at reports@lighthouse-services.com. All reports will be promptly investigated.

Interpretation: This Policy shall be interpreted in conjunction with the applicable provisions of the DLBA's Second Amended and Restated Bylaws.

A copy of this Policy shall be given to each board member upon commencement of their relationship with the DLBA or upon the official adoption of this Policy. Each board member shall sign and date the Policy at the beginning of their term of service and each year thereafter. Failure to sign does not nullify this Policy.

Name (Please Print)

Title

Signature

Date



CONFLICT OF INTEREST POLICY FOR THE DETROIT LAND BANK AUTHORITY

The purpose of the following policy and procedures is to complement the Detroit Land Bank Authority's (DLBA) by-laws to prevent the personal interest of staff members, board members, and volunteers from interfering with the performance of their duties to the DLBA, or result in personal financial, professional, or political gain on the part of such persons at the expense of the DLBA or its Members, supporters, and other stakeholders.

Michigan Public Act 317 of 1968, as amended, being MCL 15.321, et seq. ("P.A. 317") sets forth rules governing the conduct of public servants concerning governmental decisions and contracts with public entities, such as the DLBA. P.A. 317 also provides procedures for an individual serving a public entity for making a disclosure of direct or indirect interests in certain contracts. Additionally, P.A. 317 establishes procedures for a public entity to approve a contract in circumstances when an individual serving the public entity may, directly or indirectly, have an interest in the contract. The rules of P.A. 317 apply to a "public entity," which is defined in a broad manner to include the DLBA. This Conflict of Interest Policy is intended to embrace procedures that are consistent with the requirements of P.A. 317.

Under P.A. 317, a conflict of interest does not exist when a public entity enters into a contract with another public entity, such as the City of Detroit or any public authority or public agency established for the benefit of or to work with the City of Detroit (collectively, the "City"). This Policy should not be construed to prohibit the DLBA from entering into a contract with the City or from any board member that has a relationship with the City which may otherwise create a conflict under this Policy from participating in such decisions by the DLBA.

The DLBA was organized pursuant to the Michigan Land Bank Fast Track Act, 2003 P.A. 258, as amended, ("Land Bank Act") and an Intergovernmental Agreement ("Intergovernmental Agreement") between the City and the Michigan Land Bank Fast Track Authority. The Intergovernmental Agreement and accordingly, the Bylaws of the DLBA provide that all directors are appointed by either the Mayor of the City or the City Council. *For purposes of the Policy a Conflict (as defined below) does not exist solely because a board member has a relationship as an employee or official of the City.* Accordingly, this Policy should *not* be construed to prohibit the DLBA from, among other things, entering into contracts with, receiving contributions from, making contributions to, or otherwise supporting or receiving support from the City or to prohibit any director, including an *ex officio* director, from participating in any decision of the DLBA pertaining to the City.

Definitions:

1. *Conflict of Interest* generally means a conflict, or the appearance of a conflict, between the private interests and official responsibilities of a person in a position of trust. Persons in a position of trust include staff members, officers, and board members of the DLBA.
2. *Board* means the Board of Directors.
3. *Officer* means an officer of the Board of Directors.
4. *Volunteer* means a person - other than a Board member – who does not receive compensation for services and expertise provided to the DLBA and retains a significant independent decision-making authority to commit resources of the organization.
5. *Staff Member* means a person who receives all or part of her/his income from the payroll of the DLBA.
6. *Supporter* means corporations, foundations, individuals, 501(c)(3) nonprofits, and other nonprofit organizations who contribute to the DLBA.

POLICY AND PRACTICES

1. Full disclosure, by notice in writing as further provided below, shall be made by the interested party in all conflicts of interest, including but not limited to the following (each a “*Conflict*”):
 - a. A board member is related to another board member or staff member by blood, marriage or domestic partnership.
 - b. A staff member serving in a supervisory capacity is related to another staff member whom she/he supervises.
 - c. A board member or their organization stands to benefit from an transaction or staff member of such organization receives payment from for any subcontract, goods, or services’ other than as part of her/his regular job responsibilities or as reimbursement for reasonable expenses incurred as provided in the bylaws and board policy.
 - d. A board member’s organization receives grant funding from DLBA.
 - e. A board member or staff member is a member of the governing body of a contributor to the DLBA (except as set forth otherwise in this Policy).
 - f. A volunteer working on behalf of the DLBA who meets any of the situations or criteria listed above.
 - g. Any potential contract which the DLBA may enter into, directly or indirectly, with (1) a Board member, staff member or any other person serving the DLBA, or (2) any firm, partnership, limited liability company, corporation, trust, unincorporated association or other entity which such Board member, staff member or any other person serving the DLBA is a partner, member, manager, shareholder, officer, director, employee, beneficiary or trustee.
2. The interested party shall promptly disclose any Conflict described in the above Paragraph 1(g), pursuant to the procedures of P.A. 317. The manner of disclosure authorized by P.A. 317 include:

- a. The interested party discloses the Conflict in writing to the Board of Directors of the DLBA at *least seven* (7) days prior to the meeting during which the Board of Directors will vote on the contract which is the source of the Conflict; or
- b. The interested party discloses the Conflict at a public meeting of the DLBA. Any vote by the Board of Directors with respect to the contract shall be taken at *least seven* (7) days *after* the public meeting the interested party makes the disclosure described in this Paragraph 2(b). In the event that the *direct* benefit to the interested party exceeds \$5,000, then the disclosure required by P.A. 317 must be made in the manner described in this Paragraph 2(b).

The DLBA shall disclose, at the minimum, the following summary information in its official minutes concerning any Conflict described in Paragraph 1(g):

- the name of each party to the contract;
 - the terms of the contract, including but not limited to the duration of the contract, the financial consideration, a description of any facilities or services to be provided to or by the DLBA, and the nature and type of activities any employees of the DLBA will perform in connection with the fulfillment of the contract; and
 - the nature of any pecuniary interest.
3. Members of the DLBA Board of Directors should not benefit financially, directly, or indirectly, from his/her participation on the Board of Directors of the DLBA. There may be certain instances, however, where a proposed contract set forth in 1(g) has unique characteristics or circumstances or are of particular benefit to the DLBA such that appropriate disclosure and voting in connection therewith pursuant to and in accordance with this Policy may be of particular benefit to the DLBA. In such instance, the level of inquiry and disclosure set forth herein shall be employed by the DLBA Board of Directors in its review of such Conflict.
 4. The vote to authorize any contract described in Paragraph 1(g) shall be by a vote of not less than 2/3 of the full membership of the Board of Directors of the DLBA, without counting said interested Director to determine such full membership of the Board of Directors.
 5. Following full disclosure of a possible conflict of interest or any condition listed above, the Board of Directors shall determine whether a conflict of interest exists and, if so the Board shall vote to authorize to reject the transaction or take any other action deemed necessary to address the conflict and protect the DLBA's best interest. Except as otherwise provided in Paragraph 4 above, votes shall be by a majority vote of the full membership of the Board of Directors of the DLBA, without counting said interested Director to determine such full membership of the Board of Directors.
 6. An interested Board member, officer, or staff member shall not participate in any discussion or debate of the Board of Directors, or of any committee or subcommittee thereof in which the subject of discussion is a contract, transaction, or situation which there may be a perceived or actual conflict of interest. An interested party shall not take part in

any negotiations, renegotiations or represent any party in the transaction relating to a contract described in Paragraph 1(g). However, they may be present to provide clarifying information in such a discussion or debate unless objected to by any present board or committee member.

7. Anyone in a position to make decisions about spending the DLBA's resources (ie., transactions such as purchases contracts) – who also stands to benefit from that decision – has a duty to disclose that conflict as soon as it arises (or becomes apparent); s/he should not participate in any final decisions.
8. A copy of this policy shall be given to all Board members, staff members, volunteers or other key stakeholders upon commencement of such person's relationship with the DLBA or at the official adoption of stated policy. Each board member, officer, staff member, and volunteer shall sign and date the policy at the beginning of her/his term of service or employment and each year thereafter. Failure to sign does not nullify the policy.
9. This policy and disclosure form must be filed annually by all specified parties.